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HOUSE BILL 2006  
By Phelan

AN ACT to amend Chapter 84 of the Public Acts of 1947; as amended, to ratify and establish the boundaries of the Kenton Special School District; to authorize and empower Kenton Special School District to establish and own school buildings, facilities and equipment; to authorize and empower the District to contract with the City of Kenton for the financing of school buildings, facilities and equipment in and for the District, received funds from the City of Kenton in connection with said financing, and to secure its obligations thereunder, to authorize and empower the District to issue bonds and notes to finance school buildings, facilities and equipment in and for the District, to refund said bonds and notes and to provide security for the payment thereof; to levy taxes within the boundaries of the District and authorize the collections and payment to the District of said taxes and certain taxes previously collected; to authorize and empower the District to operate schools and to contract with the Gibson County Special School District or others for the operation of the of the Kenton Special School District schools; to provide for election of the Board of Trustees; and to declare certain provisions of Chapter 84 of the Public Acts of 1947, as amended to be no longer effective.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

WHEREAS,. the Kenton Special School District ( the "District") was created pursuant to Chapter 84 of the Public Acts of 1947, reestablishing and recreating the District, which had been in existence either as Kenton Special School District or Kenton High School Dist. No. 32 since 1905, for the purpose of providing for a school system within the boundaries of the District as set forth therein and providing for the financing thereof and the levying of a tax for the

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payment of principal of and interest on any bonds issued to provide schools within the District;  
and

WHEREAS, pursuant to various proceedings before the Chancery Court of the Twenty-Seventh Judicial District of Tennessee, at Union City, in litigation styled Gallimore v. Wheatley and Kenton Special School District v. Gibson County School District, Civil Action No. 11,733, it has been determined that the District has not been abolished, has been continuously in existence since its creation and currently is in existence as a special school district with the power to levy taxes and own, control and supervise school within the boundaries of the District;  
and

WHEREAS, the current boundaries of the District, as defined by Chapter 84 of the Public Acts of 1947, encompass territory lying within the boundaries of and served by Gibson County Special School District and territory lying within Obion County, which is served by the Obion County school; and

WHEREAS, for the support of the schools in the Gibson County Special School District, Gibson County Special School District levies and collects a tax on all taxable property within its boundaries, including property lying within the boundaries of the Kenton Special School District, and for the support of Obion County schools, Obion County levies and collects a tax on all taxable property within its boundaries, including property within the boundaries of the Kenton Special School District; and

WHEREAS, the citizens and taxpayers within the boundaries of the District have indicated their desire to reestablish an elementary school within the District so that elementary school children residing within the District can attend a school within the Kenton community rather than being split between schools in Gibson County and Obion County and being required to travel to schools outside the community; and

WHEREAS, it is the desire of the Board of Trustees of the Kenton Special School District and the City of Kenton to provide adequate facilities and equipment to meet the standards of the State Education Improvement Act of 1992 and to provide an educational program within the

District for children in grades kindergarten through eight with minimum transportation of said children; and

WHEREAS, it is proposed that an elementary school be constructed in the City of Kenton, that the City of Kenton issue its bonds, notes or other obligations to fund the construction and equipping of the school, that the District and the City of Kenton share the payment of principal of and interest on the indebtedness incurred by the City of Kenton, that the District levy and collect a tax on all taxable property within the boundaries of the District for the purpose of paying its share of the principal of and interest on said indebtedness, and that the District contract with the Gibson County Special School District for the operation of the school so established; and

WHEREAS, for all these purposes, it is necessary to authorize the District to take certain actions as more fully described herein.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The territorial boundaries of the Kenton Special School District, located in Gibson and Obion Counties, Tennessee (the "District"), created and validly existing pursuant to Chapter 84 of the Public Acts of 1947, as amended by Chapter 120 of the Private Acts of 1965, Chapter 536 of the Public Acts of 1970, and Chapter 868 of the Public Acts of 1986, and all other Acts amendatory thereto, if any (the "Act of Incorporation") are hereby ratified and established as follows:

Beginning at a stake in Gibson County, Tennessee, in the middle of Edmonson's Creek on the west side of the bridge where U.S. Highway No. 45 crosses said creek, and thence west with the meanders of said creek to a gravel road on H.H. Taylor Heirs' east line; thence north with said road to the northwest corner of the Fred Norton farm; thence northwardly in a straight line to R.L. Caton's southwest corner; thence north to Willie Gravette's northwest corner; thence northwardly in a straight line to Grassy Creek at Richard Johns' northeast corner; thence down said creek with its meanders and northerly to the point where Grassy Creek crosses C.B. Verhine's west boundary

line; thence north with Verhine's west boundary line to Obion River; thence up said Obion River with its meanders easterly to the confluence with the South Fork of Obion River; thence southeasterly with the meanders of South Fork of Obion River to the west boundary line of Weakley County; then south with the County line between Weakley and Obion counties to the north line of Gibson County; thence southeasterly with the County line between Gibson and Weakley Counties to the southeast corner of the C.V. Bell's farm; thence with the south line of the Bell farm and the public road to a stake in the middle of the cross roads at Walnut Grove; thence west to the point of beginning.

SECTION 2. The District is hereby authorized and empowered to establish, or cause to be established, within its boundaries and own, either individually or jointly with the City of Kenton, Tennessee, and elementary school, together with all land, equipment, furniture, and fixtures necessary for the operation thereof, together with such other school or schools as may be necessary to serve the educational needs of the citizens and residents of the District, and to provide for the operation thereof.

SECTION 3. The District is hereby authorized and empowered to enter into an agreement or agreements with the City of Kenton, providing for the joint and cooperative financing of the construction of the school or schools hereinabove described, including (I) the issuance of bonds, notes or other obligations by the City of Kenton for the purpose of providing funds for the construction, improvement, furnishing, fixturing and equipping of school buildings and facilities, and additions thereto, in and for the District, including the purchase of all property, real and personal, or interests therein, necessary in connection with said work and the payment of all legal, fiscal, administrative, architectural, engineering, accounting and similar professional and other costs incident thereto and to the issuance and sale of said bonds, notes or other obligations, (ii) the payment by the District to the City of Kenton of a portion of the amounts necessary to pay principal of and interest on said bonds, notes or other obligations as they come due, (iii) the ownership, either by the District, the City of Kenton or jointly by both, of any school or schools of the District, and (iv) such other terms and agreements incident to any of the

foregoing as the parties shall deem necessary. If for any reason the City of Kenton is unable or unwilling to issue its debt obligations to provide financing under said agreement or agreements, the District is also authorized to provide in said agreement or agreements for the issuance of debt obligations by the District as provided herein and the repayment thereof. The District is further authorized to take such actions as shall be required by the terms of any such agreement or agreements.

SECTION 4. In the event the District and the City of Kenton agree that the District issue debt obligations to provide financing for the school facilities authorized herein as above provided or in lieu of entering into the agreement or agreements described in Section 3 hereof, the District is hereby authorized and empowered as follows:

(a) The District is authorized and empowered to issue and sell, by resolution of the Board of Trustees of the District, bonds of the District in an aggregate principal amount of not to exceed \$4,250,000 for the purpose of providing funds for the purposes described in Section 3 hereof, and for the payment of all costs of issuing said bonds, paying interest thereon for the period of not to exceed the period of construction plus six months, and providing any necessary reserves therefor. The bonds may be sold in one or more series, may bear such date or dates, shall mature at such time or times, not exceeding thirty (30) years from their respective dated dates, may bear interest at a zero rate or such other rate or rates (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without premium and may provide for the replacement of mutilated, destroyed or lost bonds, all as may be provided by resolution of the Board of Trustees of the District. The bonds may be sold as a whole or in part from time to time in such manner as shall be provided by resolution of the Board of Trustees of the District, but in no event shall the bonds be sold for less than 98% of par, plus accrued interest (or, if all

or any part of such bonds is to be sold at a zero rate of interest or at an original issue discount, such bonds may be sold at not less than 98% of the original reoffering price of such bonds, plus accrued interest). The Board of Trustees of the District is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the bonds and to delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the Board of Trustees shall deem necessary or desirable.

(b) The District is further authorized, by resolution of the Board of Trustees of the District, to borrow money and issue its bonds for the purpose of refunding the bonds authorized herein, at or prior to maturity, in whole or in part, at any time, in accordance with the terms hereof.

(c) The District is further authorized, by resolution of the Board of Trustees of the District, to issue and sell notes of the District in anticipation of the issuance of the bonds authorized herein. The notes may be sold in one or more series, may bear such date or dates, shall mature at such time or times, not exceeding three years from their respective dated dates, may bear interest at such rate or rates (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without premium, and may provide for the replacement of mutilated, destroyed or lost notes, all as may be provided by resolution of the Board of Trustees of the District. The notes shall be sold as a whole or in part from time to time in such manner as shall be provided by resolution of the Board of Trustees. The Board of Trustees is authorized and empowered to do and perform all acts and enter into agreements which may be necessary or desirable in connection with the issuance and sale of the notes and to delegate the power to consummate all such acts and execute

and implement all such agreements on its behalf as the Board of Trustees shall deem necessary or desirable.

(d) Any bonds or notes issued under the authority of this Act shall be issued in fully registered form and shall be signed and sealed as provided in the Tennessee Public Obligations Registration Act and in the resolution adopted by the Board of Trustees of the District authorizing the bonds or notes. Any bonds or notes so issued, and all income therefrom, shall be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and state taxes and except as otherwise provided by applicable law.

SECTION 5. (a) For the purpose of providing funds to pay that portion of the principal of and interest on the bonds, notes or other obligations of the City of Kenton described in Section 3 hereof and all other amounts payable by the District under the agreement or agreements described in Section 3 hereof or to pay the principal of and interest on the bonds and notes described in Section 4 hereof, there is hereby levied, in addition to the taxes currently being levied within the boundaries of the District by other taxing authorities, a continuing annual tax of One Dollar and Twenty-Five Cents (\$1.25) on each one hundred dollars (\$100) of assessed value of real and personal property located within that portion of the District lying within Gibson County based on the 1996 certified appraisal ratio of 97.97% of appraised value and One Dollar and Twenty-Three Cents (\$1.23) on each one hundred dollars (\$100) of assessed value of real and personal property located within that portion of the District lying within Obion County based on an expected 1997 certified appraisal ratio of 100% of appraised value, effective as of January 1, 1997, for the 1997 tax year and each tax year thereafter as long as the District is obligated to make payments to the City of Kenton under the agreement or agreements described in Section 3 hereof or so long as the bonds or notes described in Section 4 hereof shall be outstanding. In the event the certified appraisal ratios for 1997 are different from those stated herein, the tax rates shall be adjusted accordingly and thereafter adjusted to produce equalized tax rates throughout the District.

(b) The rate hereinabove established may be adjusted from time to time in accordance with the procedure set forth in Section 67-5-1704, Tennessee Code Annotated, relating to county-wide reappraisals and in accordance with the procedures of the State Board of Equalization from time to time in effect for developing equalized tax rates for multi-county jurisdictions. In addition, in the event the total assessed value of all property subject to the tax hereinabove described declines by more than 10% from January 1 of any year to January 1 of the next succeeding year or declines by more than 15% from January 1 of any year to January 1 of the second succeeding year thereafter, at the request of the Board of Trustees of the District, the county assessors of property of each of the counties in which the District is located shall certify to the county trustees of each county and the Board of Trustees of the District the total assessed value of taxable property within the District and furnish the county trustees and the Board of Trustees an estimate of the total assessed value of all new construction and improvements not included on the assessment roll of the base year and all deletions from the assessment roll of the base year. Upon receipt of said information and certifications, the county trustees shall adjust the tax rate established herein to an adjusted rate which is estimated to provide to the District the same tax revenue as was provided by said tax in the base year, exclusive of such new construction, improvements and deletions, in accordance with policies established by the state board of equalization pursuant to Section 67-5-1701(b), Tennessee Code Annotated, and its procedures from time to time in effect for developing equalized tax rates for multi-county jurisdictions.

(c) The revenues derived from the tax hereinabove levied shall be used primarily to contribute to the payment of principal of and interest on the bonds, notes or other obligations of the City of Kenton described in Section 3 hereof pursuant to any agreement described therein or to pay principal of and interest on any bonds or notes of the District issued pursuant to Section 4 hereof and to maintain debt service fund balances of the District. The Board of Trustees is hereby authorized to pledge said tax



revenues to secure the payment of its obligations under its agreement or agreements with the City Kenton described in Section 3 hereof or to secure the payment of principal of and interest on any bonds or notes issued pursuant to Section 4 hereof. Said revenues may also be used to the extent needed to pay administrative costs of receiving and accounting for said revenues, including the costs of audit and other fiscal and administrative costs. Said revenues may also be applied to operational expenses of the District provided, at the time funds are applied, the District has on hand a debt service fund balance equal to the District's annual payment requirement under Section 3 or 4 hereof.

(d) The tax herein levied shall be annually extended and collected by the county trustees of Gibson and Obion Counties, as appropriate, in the manner provided by general law for the extension and collection of county taxes and shall constitute a lien on the property against which it is levied with the like force and effect as do county taxes. The proceeds of said taxes, as and when collected, shall be paid by the respective county trustees to the District. The proceeds of said taxes, when received by the District, shall be deposited to a debt service fund to be established and maintained by the District. The debt service fund is established for the specific purpose of receiving the taxes authorized herein and any other funds which may from time to time be pledged to the payment and performance of the obligations of the District established under the authority given by Section 3 and 4 hereof. The debt service fund and the funds therein shall be maintained and accounted for until payment and performance in full of all obligations of the District under the agreement or agreements described in Section 3 hereof or paying principal of and interest on any bonds and notes issued pursuant to Section 4 hereof and shall be used solely for the purpose of paying and satisfying said obligations.

(e) The proceeds of any taxes collected by the Gibson County Trustee pursuant to Chapter 84 of the Public Acts of 1947 and any amendment thereto, and currently held

in escrow or other wise held or collected prior to the passage of this Act, shall be deposited to the above-referenced debt service fund upon the passage of this Act.

(f) In the event property taxes and such other funds as shall be pledged to the payment of the obligations of the District as above provided are not sufficient to pay and satisfy said obligations when due, the District shall apply any other available funds of the District to the payment thereof. So much of the surplus arising from the tax hereinabove described and not required for the payment of said obligations may be used, at the discretion of the Board of Trustees of the District, for the construction, improvement, renovation, expansion, furnishing, fixturing and equipping of school buildings and facilities, and additions thereto, in and for the District, including the purchase of all property, real and personal, or interest therein, necessary in connection with said work.

SECTION 6. The Board of Trustees of the District is authorized to pledge to the payment of the obligations of the District under the agreement or agreements with the City of Kenton described in Section 3 hereof or the payment of principal of and interest on the bonds and notes described in Section 4 hereof (l) any funds received by the District under the Tennessee Basic Education Program available to be used for capital outlay expenditures, as set forth in Section 49-3-351 et seq., Tennessee Code Annotated, and related sections, (b) its share of the Local Option Sales and Use Tax now or hereafter levied and collected in Gibson and Obion Counties, Tennessee, pursuant to Section 67-6-712, Tennessee Code Annotated, (c) any other funds received from taxes collected in Gibson or Obion Counties and (d) any other funds received from the State of Tennessee, or any of its authorities, agencies or instrumentalities, for school purposes and available to be used for capital outlay expenditures.

SECTION 7. The District is hereby authorized and empowered to enter into an agreement or agreements with Gibson County Special School District, or such other public entity as it shall deem appropriate, to provide for the administration of the schools of the District, the operation and management of all school properties and facilities of the District, and the maintenance and repair of all school properties and facilities of the District.

SECTION 8. The Board of Trustees is hereby authorized to receive funds from the city of Kenton for the construction and equipping of schools within the District, to construct and equip schools, and to exercise general supervision and control over the schools of the District, except as the District may delegate such administrative and operational duties as described in Section 7 hereof.

SECTION 9. The Board of Trustees shall be elected by the qualified voters in said District on the first Tuesday in August, 1997, for a term of one (1) year. Trustees shall again be elected by the qualified voters in the District on the date of the general election in August, 1998 for a term of two (2) years, and biennially thereafter for a term of two (2) years.

SECTION 10. All provisions of the Act of Incorporation not modified or amended herein shall remain in full force and effect, provided that Sections 9 through 12 thereof, relating to the issuance of bonds, shall no longer be effective and Sections 13 and 14 thereof, relating to the levy and collection of a tax, shall no longer be effective. Section 15 of the Act of Incorporation shall remain in effect and Section 2 of the Act of Incorporation shall be modified as provided in Section 9. To the extent of any conflict between the Act of Incorporation and this amendment, this amendment shall control.

SECTION 11. If any provision(s) of this Act or the application thereof shall be held by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Act and the application of the remaining provisions hereof shall not be affected thereby, shall be enforced to the greatest extent permitted by law and are declared to be severable.

SECTION 12. This act shall take effect upon becoming a law, the public welfare requiring it.

AN ACT to amend Chapter 84 of the Public Acts of 1947; as amended, to ratify and establish the boundaries of the Kenton Special School District; to authorize and empower Kenton Special School District to establish and own school buildings, facilities and equipment; to authorize and empower the District to contract with the City of Kenton for the financing of school buildings, facilities and equipment in and for the District, received funds from the City of Kenton in connection with said financing, and to secure its obligations thereunder, to authorize and empower the District to issue bonds and notes to finance school buildings, facilities and equipment in and for the District, to refund said bonds and notes and to provide security for the payment thereof; to levy taxes within the boundaries of the District and authorize the collections and payment to the District of said taxes and certain taxes previously collected; to authorize and empower the District to operate schools and to contract with the Gibson County Special School District or others for the operation of the of the Kenton Special School District schools; to provide for election of the Board of Trustees; and to declare certain provisions of Chapter 84 of the Public Acts of 1947, as amended to be no longer effective.

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